

Old Age, Disability, Death

First law: 1951.

Current laws: 1953, 1978, 1986, 1991, and 1996.

Type of program: Local government social insurance (basic pension) and/or employer-provided plans (individual retirement accounts) systems.

(Provincial and city/county social insurance agencies and employers adapt central government guidelines to local conditions.)

Exchange rate: U.S. \$1.00 equals 8.29 yuan.

Coverage

Employees in state-run enterprises. Some locales provide conditional coverage to employees in collective, private, and foreign-invested enterprises (Chinese nationals only) and/or the self-employed, with similar or separate programs. Employees of government and party organizations, and cultural, educational, and scientific institutions are covered under government-funded employer-administered system.

Source of Funds

Insured person: Basic pension insurance—Up to 3%-5% earnings base, depending on local government provisions. Individual retirement accounts—At least 3% of earnings base, to gradually rise to 8%.

Employer: Basic pension insurance—Average 20% of payroll, depending on local government provisions, if participating in city/county retirement pension pools, or whole cost if not participating. Individual retirement accounts—up to 11% of earnings base, plus a nominal credit of up to 5% of average local (city-wide or county-wide) earnings to the employee's account.

Government: Basic pension insurance and individual retirement accounts—Central and local government subsidies as needed. Earnings base for purposes of contribution: employee's average monthly earnings (including wage, bonus, allowances and subsidies) in preceding year. Minimum monthly contributions, 60% of monthly local earnings; maximum, 200%-300% monthly local earnings, according to local government provisions. Provincial and city/county governments adjust contribution base and/or rate according to local conditions.

Qualifying Conditions

Old-age pension: Age 60 for men and professional women, 55 for non-professional salaried women, 50 for other women (55 for men and 45 for women, if arduous or unhealthful work) with 10 years' continuous service.

Early retirement at age 50 (men) or age 45 (women) with 10 years' continuous service, if totally disabled.

Disability pension: Total incapacity for work and ineligible for early retirement.

Survivor grant: Deceased was in covered employment or pensioner.

Old-Age Benefits

Central government guidelines—Old-age basic pension insurance: 2-part benefit for employees in enterprise participating in city/county retirement pools: a basic pension of 20%-25% of the

average city-wide or county-wide wage; plus 1%-1.4% of every full calendar year of coverage, depending on local government provisions.

Partial basic pension: lump-sum equal to 200% of local average wage, payable to employees with more than 1 but less than 10 full calendar years' coverage.

Central government guidelines—Individual retirement accounts in addition to basic pension insurance: Up to 100% of employee contributions to basic pension insurance plus interest.

Central government guidelines—Individual retirement accounts as replacement of existing basic pension insurance: benefit equal to basic pension insurance above, payable to employees at retirement age with more than 15 years' contributions and at least 10 full calendar years' contribution at same enterprise under the basic pension insurance. Or, monthly benefit equal to total of employer and employee contributions plus interest divided by 120 months, payable to workers employed after the establishment of individual retirement accounts. Benefit payments beyond 120 months will be paid out of reserve funds from balance of employer contributions to individual accounts closed due to death of account holders (see Central government guidelines for survivor grants under individual retirement accounts below. Central government guidelines make no provisions for any shortfalls, which presumably will be subsidized by local governments).

Minimum pension: Provincial and city/county governments set the amount according to local standards of living.

Permanent Disability Benefits

Central government guidelines—Disability basic pension insurance: 40% of wage. Provincial and city/county governments set the minimum benefit according to local standards of living.

Central government guidelines—Disability under individual retirement accounts: None. Provisions by local governments vary.

Survivor Benefits

Central government guidelines—Survivor grant under basic pension insurance: Lump sum of 6-12 months' wage, according to number of surviving dependents.

Funeral grant: Death of insured—lump sum of 2 months' average earnings of all employees in same enterprise; death of dependent immediate family members, 1/3-1/2 of 1 month's average wage depending on age of deceased.

Central government guidelines—Survivor grant under individual retirement accounts: lump-sum equal to balance of employee's total contributions to the account plus interest, payable to legal heir of deceased.

Administrative Organization

Ministry of Labor, Department of Social Insurance, general guidance.

Provincial or city/county social insurance agencies, administration of retirement pension pools under basic pension insurance for participating enterprises.

Individual enterprises, administration of programs not included in retirement pools, management of individual retirement accounts.

Sickness and Maternity

First law: 1951.

Current law: 1953, 1978 (permanent employees) 1986 (contract workers), 1988 (women employees), and 1996 (local government medical insurance pilot experiments).

Type of program: Separate employer-provided programs based on central government guidelines. A number of city and county governments have been designated to experiment with a variety of medical insurance and medical savings plans by setting up separate funds pooled for medical and maternity care. (Employers adapt central government guidelines to local conditions.)

Coverage

Permanent and contract employees in state-run enterprises and some collective enterprises.

Employees of government and party organizations, cultural, educational, and scientific institutions and, university students are covered under government-funded and employer-administered programs.

Source of Funds

Insured person: Up to 1% of wages.

Employer: Average 10% of total payroll (may or may not include non-wage subsidies), depending on local government provisions, if local government plans available and if enterprise participating.

Non-participating enterprise: Whole cost.

Government: Central and local government subsidies as needed.

Qualifying Conditions

Sickness, maternity, and medical benefits: No minimum qualifying period.

Sickness and Maternity Benefits

Central government guidelines for permanent workers—**Sickness benefit:** 60%-100% of wage, according to length of service (60% if employed less than 2 years, 70% if 2 but less than 4 years, 80% if 4 but less than 6 years, 90% if 6 but less than 8 years, and 100% if employed 8 years or more). Payable by employer for up to 6 months each year; 40% to 60% payable by employer thereafter until recovery or determination of permanent disability: 40% if employed less than 1 year, 50% if 1-3 years, and 60% if employed 3 years or more.

Maternity benefit: 100% of earnings payable by employer for up to 90 days in connection with childbirth. 100% of earnings payable for up to 30 days in case of abortion.

Central government guidelines for contract workers—Same as for permanent workers.

Workers' Medical Benefits

Central government guidelines for permanent workers—**Medical benefits:** Medical services either provided in employer's clinic or hospital, or paid for directly by employer. Includes treatment by doctor, maternity care, bed, and full cost of surgery and ordinary medicines. Employee pays registration fee for both outpatient and inpatient care, house calls, and board if hospitalized. Central

government guidelines for contract workers—Same as for permanent workers.

(Medical care available to general population in public institutions, within limits of facilities available and subject to various fees).

Dependents' Medical Benefits

Central government guidelines for permanent workers—**Medical benefits for dependents:** Treatment by doctor in employer's clinic, and 50% of cost of surgery and ordinary medicines, if dependents not otherwise covered.

Central government guidelines for contract workers—Same as for permanent workers.

Administrative Organization

Ministry of Labor, Department of Social Insurance, general supervision of cash benefits.

Ministry of Public Health, general guidance of health care.

Individual state-run enterprises, administration of programs.

Work Injury

First law: 1951.

Current laws: 1953 and 1978 (permanent employees), 1986 (contract workers).

Separate employer-provided programs based on central government guidelines. About one-third of city and county governments are experimenting with a variety of plans including setting up pooled funds for disability pensions and medical care.

(Employers adapt central government guidelines to local conditions.)

Coverage

Employees in state-run enterprises, and some collective enterprises.

Employees of government and party organizations, cultural, educational, and scientific institutions, and university students covered under government-funded and employer-administered programs.

Source of Funds

Insured person: None.

Employer: Whole cost.

Government: Central and local government subsidies as needed.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Central government guidelines—**Temporary disability benefit:** 100% of wage during temporary disability until recovery or determination of permanent disability.

Permanent Disability Benefits

Central government guidelines—**Permanent disability pension:** 80%-90% of wage, if totally disabled.

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Minimum pension: Provincial and city/county governments set minimum pension amounts according to local standard of living.
Partial disability: 10% to 30% of wage, according to earnings loss: 10% of wage if 11%-20% earnings loss; 20% if 21%-30% earnings loss; and 30% of wage if 30% or more earnings loss.

Workers' Medical Benefits

Medical benefits: Medical treatment, surgery, nursing, medicine, appliances, transportation, and hospitalization.

Survivor Benefits

Central government guidelines—**Survivor pension:** 25%, 40%, or 50% of wage of deceased, for 1, 2, or 3 or more dependents.
Funeral grant: 3-6 months' wages.

Administrative Organization

Ministry of Labor, Department of Social Insurance, general guidance.
Individual state-run enterprises, administration of programs.

Unemployment

First and current law: 1986, and 1993.
Provincial and city/county social insurance system based on central government guidelines.
(Provincial and city/county governments adapt central government guidelines to local conditions.)

Coverage

Permanent and contract workers in state-run enterprises.

Source of Funds

Insured person: None.
Employer: 0.6%-1% of wage, depending on local government provisions.
Government: Local government subsidies.

Qualifying Conditions

Unemployment benefit: At least 1 year in covered employment, involuntary termination of employment, registration at and regularly reporting to local employment service agencies, and actively seeking employment.

Unemployment Benefits

Unemployment benefit: 120%-150% of local public assistance benefit. Payable for 1 year if less than 5 years of coverage, and for 2 years if 5 or more years of coverage.

Administrative Organization

Ministry of Labor, Department of Employment, general guidance.
Local employment service agencies, administration of program.